

STAND. COM. REP. NO.

447

Honolulu, Hawaii

Feb 15, 2007

RE: H.B. No. 936
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 936 entitled:

"A BILL FOR AN ACT RELATING TO GIFT CERTIFICATES,"

begs leave to report as follows:

The purpose of this bill is to enhance competition and increase consumer choice in the gift card and gift certificate marketplace by allowing certificate issuers to charge service fees, except for "back-end" service fees for dormancy or inactivity, which may only be charged after the first six months after the certificate is issued. The bill also requires issuers to disclose any fees that may be charged, their timing, and amount.

VISA U.S.A., Inc., and a concerned individual supported this bill. The Department of Commerce and Consumer Affairs, Retail Merchants of Hawaii, and Hawaii Food Industry Association opposed the bill.

Your Committee finds that the current law prevents some multi-use gift card issuers from marketing their products in Hawaii, because they are unable to recoup the costs of marketing, selling, and servicing the card, which includes the cost of replacing cards and customer service. Your Committee also heard that because of federal preemption, gift cards issued by federally chartered banks may charge fees despite state law.

HB936 HD1 HSCR EDB HMS 2007-2168



Your Committee has amended this bill by:

- (1) Extending the six month period after which fees may be charged, to 24 months; and
- (2) Changing the effective date to July 1, 2034, to allow further discussion of the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 936, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 936, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



KYLE T. YAMASHITA, Chair



